



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-017]

Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Affirmative Preliminary Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) is amending the *Preliminarily Determination* of the countervailing duty (CVD) investigation of passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (PRC) to correct significant ministerial errors with respect to our *Preliminary Determination*.<sup>1</sup> We are also amending the scope of the investigation in response to comments submitted following the publication of the *Preliminary Determination*. The period of investigation is January 1, 2013, through December 31, 2013.

DATES: EFFECTIVE DATE: INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.

FOR FURTHER INFORMATION CONTACT: Emily Halle or Jason Rhoads, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone 202.482.0176, 202.482.0123, respectively.

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<sup>1</sup> See *Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Preliminary Affirmative Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Duty Determination*, 79 FR 71093 (December 1, 2014) (*Preliminary Determination*).

## SUPPLEMENTARY INFORMATION:

### *Background*

The Department announced its *Preliminary Determination* on November 24, 2014, and disclosed to interested parties the calculations for the *Preliminary Determination* on November 25, 2014. The *Preliminary Determination* was published on December 1, 2014. GITI Tire (Fujian) Co., Ltd. (GITI Fujian) submitted ministerial error allegations on December 1, 2014, alleging that the Department made certain significant errors in the *Preliminary Determination*. On December 2, 2014, CTP Transportation Products, LLC and Carlisle (Meizhou) Rubber Products Co. Ltd. (CTP) submitted comments regarding the preliminary scope.<sup>2</sup> Petitioner<sup>3</sup> submitted rebuttal comments to CTP's submission regarding the preliminary scope on December 5, 2014.<sup>4</sup> Parties submitted additional comments on the preliminary scope through December 15, 2014.<sup>5</sup> After reviewing the allegations, we determine that the *Preliminary Determination* included significant ministerial errors with respect to the calculation of certain sales denominators, and the benefit calculation for one company under the "Government Policy Lending" program. We are also modifying the scope of the investigation by temporarily

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<sup>2</sup> See Letter from CTP, "Certain Passenger Vehicle and Light Truck Tires from China: Request for Meeting," December 2, 2014 (CTP Scope Comments).

<sup>3</sup> Collectively, United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, and AFL-CIO, CLC.

<sup>4</sup> See Letter from Petitioner, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China—Scope of the Investigations, Petitioner's Opposition to CTP's Exclusion Request," December 5, 2014 (Petitioner Rebuttal to CTP Comments).

<sup>5</sup> See Letter from CTP, "Certain Passenger Vehicle and Light Truck Tires from China: Unconstitutional Burdens on Speech Created by Implementation of the Department's Preliminary Affirmative Countervailing Duty Determination," December 9, 2014; Letter from CTP, "Certain Passenger Vehicle and Light Truck Tires from China: Response to Petitioner's Opposition to CTP's Exclusion Request," December 9, 2014; Letter from Petitioner, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China—Scope of the Investigations, Petitioner's Reply to CTP's Response on Scope and Comments on Unconstitutional Burden," December 11, 2014; Letter from CTP, "Certain Passenger Vehicle and Light Truck Tires from China: Unconstitutional Burdens on Speech Created by Implementation of the Department's Preliminary Affirmative Countervailing Duty Determination," December 11, 2014; Letter from Petitioner, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China—Scope of the Investigations, Petitioner's Second Reply to CTP's Comments on Unconstitutional Burden," December 15, 2014.

suspending certain marking requirements for exclusion of specialty tires in response to comments raised by interested parties.

#### *Analysis of Significant Ministerial Error Allegations*

A ministerial error is defined in 19 CFR 351.224(f) as “an error in addition, subtraction, or other arithmetic function, clerical error resulting from inaccurate copying, duplication, or the like, and any other similar type of unintentional error which the Secretary considers ministerial.” With respect to preliminary determinations in investigations, 19 CFR 351.224(e) provides that the Department “will analyze any comments received and, if appropriate, correct any significant ministerial error by amending the preliminary determination. . .” A significant ministerial error is defined as an error, the correction of which, singly or in combination with other errors, would result in: (1) a change of at least five absolute percentage points in, but not less than 25 percent of, the countervailable subsidy rate calculated in the original (erroneous) preliminary determination; or (2) a difference between countervailable subsidy rate of zero (or *de minimis*) and a countervailable subsidy rate of greater than *de minimis*, or vice versa.<sup>6</sup>

As explained further in the Ministerial Error Memorandum issued concurrently with this Notice,<sup>7</sup> we determine that the *Preliminary Determination* contained errors with respect to our calculation of GITI Fujian’s subsidy rate. Correction of these errors results in a determination that changes GITI Fujian’s subsidy rate by at least five absolute percentage points and more than 25 percent of the original (incorrect) rate. The Department considers these ministerial errors to

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<sup>6</sup> See 19 CFR 351.224(g).

<sup>7</sup> See Memorandum to Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, “Allegation of Significant Ministerial Errors in the Preliminary Determination of the Countervailing Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China,” dated concurrently with this notice, for the analysis performed (Ministerial Error Memorandum). This memorandum is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Department’s Central Records Unit in Room 7046 of the Department of Commerce building.

be significant, warranting an amendment to our *Preliminary Determination* with respect to GITI Fujian.

*Amendment of the Scope of the Investigation to Suspend Certain Marking Requirements*

The scope of the investigation issued in the *Preliminary Determination* contained several exclusions. We are amending the preliminary requirements to qualify for the exclusion for specialty tires in order to address comments made by interested parties regarding the exclusion of specialty tires from the scope of the investigation. Specifically, CTP submitted comments in response to the *Preliminary Determination* arguing that implementing the scope exclusion requirements for trailer tires effective immediately would impose substantial burdens on exporters currently producing trailer tires in adherence with industry practices.<sup>8</sup> Petitioner in this investigation submitted rebuttal comments arguing that the scope exclusion requirements are necessary to prevent circumvention of cash deposit requirements by exporters of passenger tires.<sup>9</sup> After considering the parties' comments, the Department has preliminarily determined that imposing certain marking requirements in the specialty tire exclusion (exclusion "(6)") in the scope of the *Preliminary Determination* is not warranted because imposition of these requirements could result in the payment of cash deposits on merchandise that Petitioner may not have intended to be included in the scope of the investigation. Accordingly, we have determined to suspend the requirements for load index and speed rating markings (exclusion (6)(d) and (6)(e)).<sup>10</sup> We are retaining the other sidewall markings for the exclusion of specialty tires, namely the "DOT" designation, the prefix "ST," and the disclaimer "For Trailer Service Only"

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<sup>8</sup> See CTP Scope Comments.

<sup>9</sup> See Petitioner Rebuttal to CTP Comments.

<sup>10</sup> See "Scope of Investigation" at the Appendix of this Notice ("(d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the *Tire and Rim Association Year Book* for the relevant ST tire size, and (e) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by TRA, and the rated speed does not exceed 81 MPH or an "M" rating;").

or “For Trailer Use Only”. The record indicates that these markings are generally included on tire sidewalls as part of current industry practice.<sup>11</sup> We find that retaining these requirements is administrable and provides sufficient protection from possible evasion during this investigation, without placing an undue burden on acknowledged trailer tire producers (*i.e.*, producers of non-subject merchandise) such as CTP. We note that it is the Department’s current intent to retain the marking requirements for exclusion 6(d) and (e) in its final determinations in the CVD and antidumping duty investigations.. However, interested parties will have the opportunity to address the necessity of these requirements or any amendments thereto, including the threshold speed requirement and associated markings, in case and rebuttal briefs for the Department’s consideration before the final determinations in the CVD and antidumping duty investigations. For a full description of the amended scope of this investigation, *see* “Scope of Investigation” at the Appendix of this notice.

#### *Suspension of Liquidation*

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an amended estimated countervailable subsidy rate for GITI Fujian.<sup>12</sup> In the *Preliminary Determination*, we calculated an all-others rate using a weight average of the two responding firms’ rates (*i.e.*, GITI Fujian and Cooper Kunshan Tire Co., Ltd). Therefore, we are also amending the all-others rate to incorporate GITI Fujian’s amended rate in the weight average of the responding firms’ rate,

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<sup>11</sup> *See, e.g.*, Letter from the China Manufacturer’s Alliance LLC, “CMA’s Scope Comments Certain Passenger Vehicle and Light Truck Tires from China,” August 11, 2014, at 6; Letter from Recreation Vehicle Industry Association, “Certain Passenger Vehicle and Light Truck Tires From the People’s Republic of China: Scope Comments,” August 8, 2014; Letter from CTP, “Certain Passenger Vehicle and Light Truck Tires from the People’s Republic of China - Comments on Scope,” August 11, 2014. Additionally, we agree with Petitioner that based on evidence provided by CTP, CTP’s trailer tires not marked with “ST” would not be included in the scope because they do not meet the numerical size designations listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*, *see* Petitioner Rebuttal to CTP Comments at 3.

<sup>12</sup> The countervailable rate for GITI Fujian applies also to its cross-owned affiliated companies GITI Tire (China) Investment Company Ltd., GITI Radial Tire (Anhui) Company Ltd., GITI Tire (Hualin) Company Ltd., GITI Steel Cord (Hubei) Company Ltd., and Anhui Prime Cord Fabrics Company Ltd.

using publicly-ranged data. The overall amended preliminary estimated countervailable subsidy rates are summarized in the table below.

<b>Exporter/Producer</b>	<b>Subsidy Rate</b>
GITI Tire (Fujian) Co., Ltd. and certain cross-owned companies	11.74%
All-Others	12.03%

We will instruct U.S. Customs and Border Protection (CBP) to require a cash deposit equal to the estimated amended countervailing duty rates reflected in this notice for GITI Fujian and all-other exporters or producers. This amended countervailing duty rate applies to GITI Fujian for all entries of passenger tires from the PRC that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of the *Preliminary Determination*. We are not changing our *Preliminary Determination* regarding critical circumstances. Therefore, we will direct CBP to apply the all-others amended preliminary countervailing duty rate to any unliquidated entries entered, or withdrawn from warehouse for consumption for all-other exporters or producers not individually examined, on or after the date which is 90 days prior to the date of publication of the *Preliminary Determination*, in accordance with section 703(e)(2)(A) of the Act.

#### *International Trade Commission Notification*

In accordance with section 703(f) of the Act, we will notify the International Trade Commission (ITC) of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative

protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.224(e).

Dated: December 19, 2014.

Paul Piquado,  
Assistant Secretary  
for Enforcement and Compliance.

## APPENDIX

### SCOPE OF INVESTIGATION

The scope of this investigation is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this investigation may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol “DOT” on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

P - Identifies a tire intended primarily for service on passenger cars

LT- Identifies a tire intended primarily for service on light trucks

Suffix letter designations:

LT - Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service.

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope of this investigation are the following types of tires:

- (1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
- (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*;
- (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
- (4) non-pneumatic tires, such as solid rubber tires;



- (5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:
- (a) the size designation and load index combination molded on the tire's sidewall are listed in Table PCT-1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) of the *Tire and Rim Association Year Book*,
  - (b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,
  - (c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by *Tire and Rim Association Year Book*, and the rated speed is 81 MPH or a "M" rating;
- (6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following physical characteristics:\*
- (a) the size designation molded on the tire's sidewall is listed in the ST sections of the *Tire and Rim Association Year Book*,
  - (b) the designation "ST" is molded into the tire's sidewall as part of the size designation,
  - (c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",
  - (d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the *Tire and Rim Association Year Book* for the relevant ST tire size, and
  - (e) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by TRA, and the rated speed does not exceed 81 MPH or an "M" rating;
- (7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:
- (a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the *Tire and Rim Association Year Book*,
  - (b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",
  - (c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the *Tire and Rim Association Year Book*, and the rated speed does not exceed 55 MPH or a "G" rating, and
  - (d) the tire features a recognizable off-road tread design.

The products covered by the investigation are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

\*We are currently suspending requirements (6)(d) and (e); therefore, tires entered, or withdrawn from warehouse for consumption that meet exclusion requirements (6)(a)-(c) above are excluded from the scope of this investigation.

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